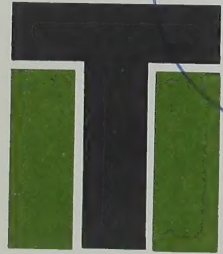


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# HERITAGE SAVINGS & TRUST COMPANY

FINANCIAL STATEMENT



5th ANNUAL REPORT – 1972



## DIRECTORS' REPORT

### LADIES AND GENTLEMEN:

This year marks the fifth consecutive increase in earnings for Heritage Savings & Trust Company since inception. Once again we are pleased to report a favorable result in operations. Due to the change in tax laws pertaining to capital gains on sales of securities the income tax department took a bigger bite than in previous years. The net profit after income tax, depreciated and mortgage reserve was \$166,892 or \$1.22 per share as compared to \$149,038 or \$1.12 per share for the previous year.

Total assets now administered by the Company exceed \$10,900,000 an increase of about \$3,250,000. Our guaranteed funds have reached \$7,778,776, an increase of over \$2 million dollars. Our investment in mortgages now stands at \$5,216,188 and our stock and bond portfolio at \$2,382,118. Shareholder equity has increased to \$1,728,821 or \$12.73 per share.

We are also pleased to report that the Company was successful in purchasing land which will be the site for our head office in the heart of Edmonton's business area. Total cost of the land, which is being used temporarily for parking, was \$366,704. The directors and management are now devoting a great deal of time and effort in research and feasibility studies to ensure the development of a building that will be pleasing in appearance, practical, efficient and when fully occupied, will provide a maximum return on our investment.

Heritage Trust, through a wholly owned subsidiary, has also invested nearly  $\frac{1}{4}$  million dollars into real estate development. The Company currently owns  $\frac{1}{2}$  of a 20 suite apartment and has nearly completed construction of a 40 suiter which will also be 50% owned. Other projects are of course being looked at.

The withdrawal of close to \$600,000 into these project has caused a temporary flattening in our profit curve. However the Company has still managed to show a satisfactory increase in profits in 1972. The above mentioned two projects will of course add substantially to future growth and earnings.

In its continuing effort to diversity, Heritage recently organized a real estate department. Starting in July of 1972 this department is now fully operational and is expanding. A staff of twelve real estate agents are assisting Edmontonians to purchase and sell homes or other property. The department actually showed a small profit in 1972, an excellent feat in 7 months, and is expected to add substantially to earnings in 1973.

We look at the Company's future with optimism and know that the shareholders and staff share this optimism with us. We wish to express our sincere gratitude for your confidence and loyalty. The Directors are further pleased to announce the declaration of the fourth consecutive annual dividend of 50c per share.

Respectfully submitted on behalf of the Board of Directors.

William Sereda,  
President and Chairman.

# AUDITOR'S REPORT

We have examined the balance sheet of Heritage Savings & Trust Company as at December 31, 1972 and the statements of income and expenses and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, including verification of the cash, bank balances and securities of the Company.

We report that the financial statements are in agreement with the books of the Company, that all transactions that have come within our notice have been within the powers of the Company and that the assets held for clients' trust accounts and guaranteed funds are kept separate from the Company's own assets and are so earmarked as to show the accounts to which they belong.

All our requirements as auditors have been complied with and after due consideration we have formed an independent opinion of the position of the Company as at December 31, 1972 and we report that in our opinion and according to the best of our information and explanations given to us, the accompanying balance sheet and statements of income and expenses and retained earnings are properly drawn up so as to present fairly the financial position of the Company as at December 31, 1972 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta  
February 21, 1973

W. J. BAZIUK & CO.  
Chartered Accountants,  
Auditors.



# HERITAGE SAVINGS & TRUST COMPANY

(And It's Wholly Owned Subsidiary Herco Developments Ltd.)

Consolidated Balance Sheet as at December 31, 1972

(With Comparative Figures for 1971)

## ASSETS

	1972	1971
Cash on Hand and in Banks .....	\$ 537,087	\$ 171,911
Securities at cost (see Note 1) Government of Canada, Provincials Bonds and Treasury Bills .....	872,500	1,026,870
Municipal and Corporate Bonds and Guaranteed Term Certificates .....	1,509,618	1,275,811
Stocks in Canadian Companies .....	716,964	518,518
Real Estate interest of subsidiary development company .....	351,991	99,350
First Mortgages on Real Estate less reserve (see Note 2) .....	5,216,188	3,738,478
Consumer Loans .....	48,091	41,879
Collateral Loans .....	50,332	31,629
Other Assets .....	108,507	111,995
Real Estate Investment (land) .....	366,704	
Organization Costs .....	48,600	64,799
<b>Total Assets</b> .....	<b>\$9,826,582</b>	<b>\$7,081,240</b>

## LIABILITIES

	1972	1971
Guaranteed Funds		
Term Investment Certificates .....	\$4,824,729	\$3,302,269
Deposits .....	2,954,047	2,129,144
	\$7,778,776	\$5,431,413
Other Liabilities		
Income Tax Payable .....	22,278	6,238
Accounts Payable .....	78,415	33,990
Deferred Revenue .....	4,758	9,157
Mtg. payable - wholly owned subsidiary .....	209,220	
<b>Total Liabilities</b> .....	<b>8,093,447</b>	<b>\$5,480,798</b>

## SHAREHOLDERS' EQUITY

	1972	1971
<b>CAPITAL STOCK</b>		
Authorized 500,000 Common shares of \$10.00 Par Value <b>\$5,000,000.</b>		
Issued 136,182 common shares .....	\$1,361,820	\$1,331,580
Paid up capital .....	\$1,361,820	\$1,331,580
Retained Earnings .....	365,261	268,862
Contributed Surplus .....	6,054	
<b>Total Shareholders' Equity</b> .....	<b>\$1,733,135</b>	<b>\$1,600,442</b>
	<b>\$9,826,582</b>	<b>\$7,081,240</b>

## STATEMENT OF INCOME AND EXPENSES

	1972	1971
<b>GROSS INCOME</b>		
Company Funds .....	\$ 189,332	\$ 166,155
Guaranteed Funds .....	605,481	449,860
Trust Fees and Commissions .....	15,726	722
	<b>\$ 810,539</b>	<b>\$ 616,737</b>
<b>OPERATING EXPENDITURES</b>		
Company Funds .....	151,013	106,352
Guaranteed Funds .....	387,560	287,837
	<b>\$ 538,573</b>	<b>\$ 394,189</b>
<b>OPERATING PROFIT</b>		
Company Funds .....	38,319	60,525
Guaranteed Funds .....	217,921	161,301
Trust Fees and Commissions .....	15,726	722
	<b>\$ 271,966</b>	<b>\$ 222,548</b>
Provision for Depreciation and Mortgage Reserve ....	26,688	19,080
Operating Profit .....	<b>\$ 245,278</b>	<b>\$ 203,468</b>
Corporate Income Tax .....	78,386	54,430
<b>Net Profit for the Year</b> .....	<b>166,892</b>	<b>149,038</b>

## STATEMENT OF RETAINED EARNINGS

	1972	1971
Balance at beginning of year .....	\$ 268,862	\$ 162,526
Net Profit for the year .....	166,892	149,038
	<b>\$ 435,754</b>	<b>\$ 311,564</b>
Dividend on Capital Stock .....	53,998	26,502
Amortization of Incorporating cost .....	16,495	16,200
<b>Balance at end of year</b> .....	<b>\$ 365,261</b>	<b>\$ 268,862</b>

Edmonton, Alberta

February 22, 1973

We the undersigned certify that to the best of our knowledge and belief the financial statements of Heritage Savings & Trust Company at 31st December 1972 are correct and truly and clearly show the financial conditions of the Company's affairs at that date.

WILLIAM SEREDA,  
President.

GORDON CONWAY  
General Manager.

NOTE 1: The investment in stock and bonds totalling \$2,676,594 is recorded at cost whereas the market value is \$2,686,434.

NOTE 2: The provision for losses on mortgages provided to date amounts to \$70,474.





## BOARD OF DIRECTORS

### EXECUTIVE

WILLIAM SEREDA — President  
 P. N. (Pat) SHEWCHUK — Vice-President  
 PETER SAVARYN — Secretary  
 Z. R. MATISHAK — Treasurer

### DIRECTORS

PETER ALBRECHT —  
 PRESIDENT — Moler System of Schools  
 WALTER BILINSKE —  
 PRESIDENT — Walt's Men's Wear Ltd.  
 J. F. GULAYETS —  
 PRESIDENT — Star Agencies (Insurance) Ltd.  
 NICHOLAS HANNAS —  
 PRESIDENT — Hannas Seeds Ltd.  
 P. M. KULE, C.A. —  
 PARTNER — Kule, Peach & Co.  
 W. W. MADAY, B.Sc. —  
 DIRECTOR — Pharmaceutical Services  
 University Hospital, Edmonton  
 Z. R. MATISHAK, C.A. —  
 TREASURER  
 PARTNER — Rickard Crawford & Co.  
 DEMITRO MELNYK, B.Sc., M.D. —  
 PHYSICIAN  
 PETER SAVARYN, B.A., L.L.B. —  
 SECRETARY  
 BARRISTER AND SOLICITOR  
 M. M. SEREDA, M.D. —  
 PHYSICIAN  
 SAMUEL SEREDA, B.Sc., M.Sc. —  
 SECRETARY — Sereda Drugs Ltd.  
 WILLIAM SEREDA, B.Sc. —  
 PRESIDENT  
 PRESIDENT — Sereda Drugs Ltd.  
 P. N. (Pat) SHEWCHUK, B.A., L.L.B. —  
 VICE-PRESIDENT  
 PARTNER — Bassie, Shewchuk & Company  
 ALEX WORONUK —  
 FINANCIER

### SENIOR PERSONNEL

GORDON CONWAY —  
 GENERAL MANAGER  
 W. N. HOWIE —  
 MORTGAGE MANAGER  
 R. L. KNUTSON —  
 CONTROLLER  
 H. N. SYMYROZUM —  
 REAL ESTATE MANAGER

## COMPARITIVE FINANCIAL HIGHLIGHTS

	1968	1969	1970	1971	1972
Total Assets under Administration .....	1,704,926	3,492,365	5,389,688	7,717,352	10,994,917
Guaranteed Funds .....	434,049	1,967,553	3,523,953	5,431,413	7,778,776
Shareholders Capital .....	1,223,236	1,247,161	1,328,580	1,331,580	1,361,820
Gross Profit .....	38,544	85,665	129,543	203,468	245,278
Income Tax .....	7,394	22,673	48,173	54,430	78,386
Net Profit .....	31,150	62,992	81,370	149,038	166,892
Earnings per share .....	.32	.51	.61	1.12	1.22
Retained Earnings .....	31,151	94,143	162,526	268,862	365,261
Dividends .....	—	—	.10c	.20c	.40c

